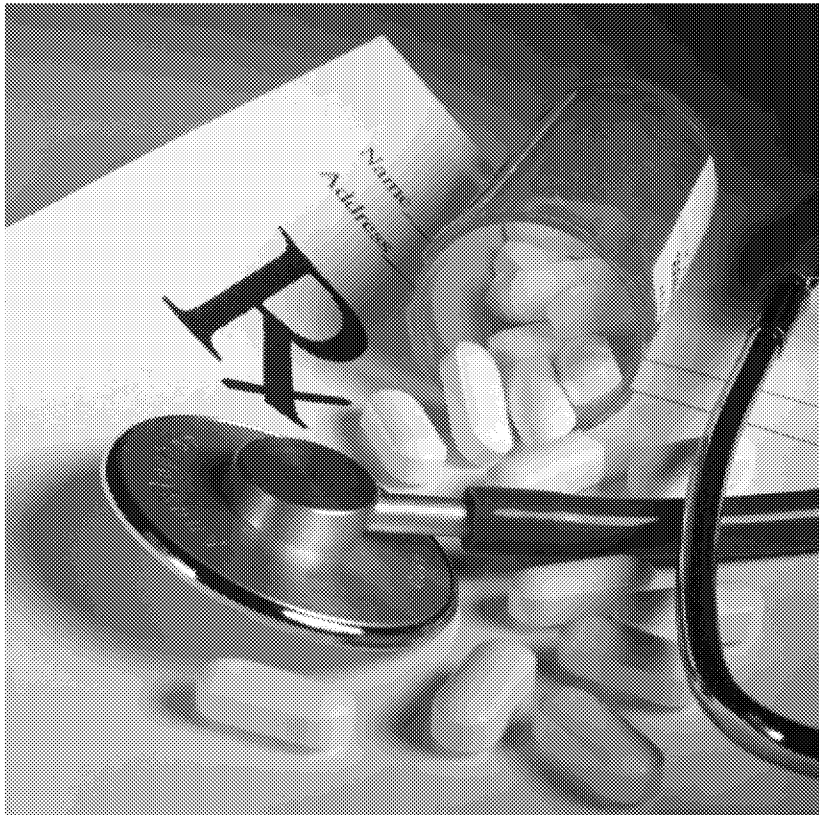


Regulatory Affairs Update



RNA Leadership Team

**Nate Hartle, Sr. Director
Regulatory Affairs**

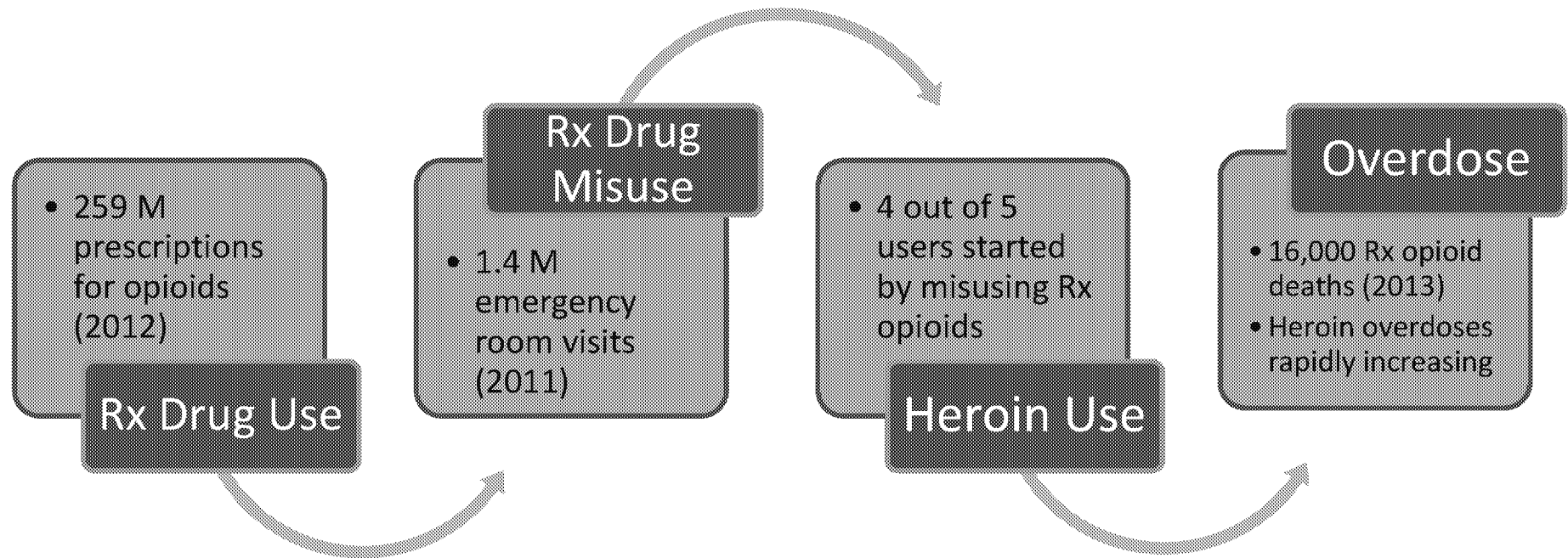
November 20th, 2015



**BUSINESS
CARE
CONNECTIVITY**

Exhibit B

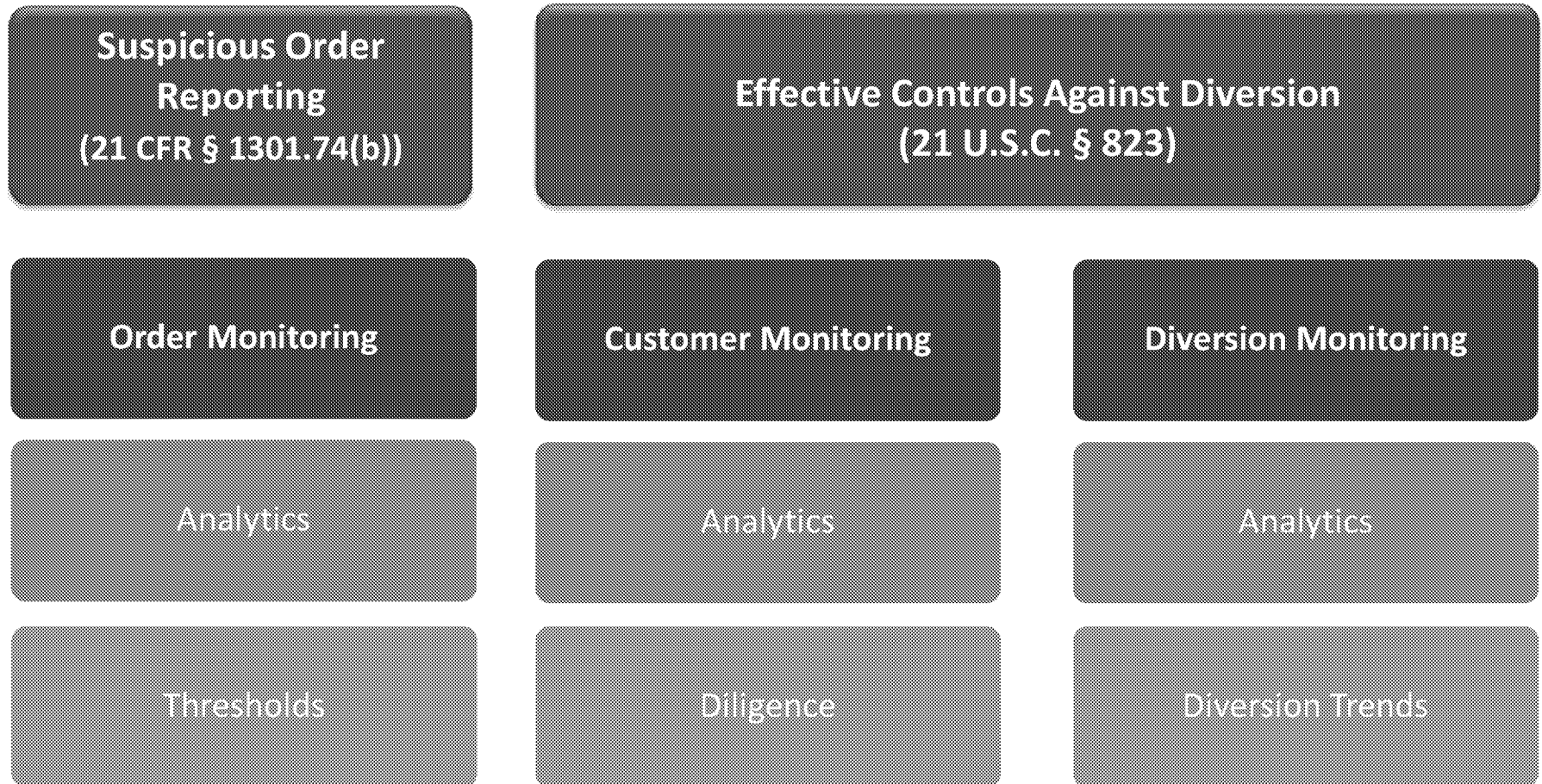
Addressing Rx Drug Abuse & Heroin Use



The Obama administration recently announced collective public and private sector efforts that focus on provider training, access to medication-assisted treatments and community awareness.

Sources: White House Memorandum for the Heads of Executive Departments & Agencies Re: Addressing Prescription Drug Abuse and Heroin Use, October 21, 2015; DEA National Drug Threat Assessment 2015

Our Program Design – A Regulatory View



Enhancements to Suspicious Order Reporting

Distributor Responsibility to Identify and Report Suspicious Orders:

“The registrant shall design and operate a system to disclose to the registrant suspicious orders of controlled substances...Suspicious orders include orders of unusual size, orders deviating substantially from a normal pattern, and orders of unusual frequency.”

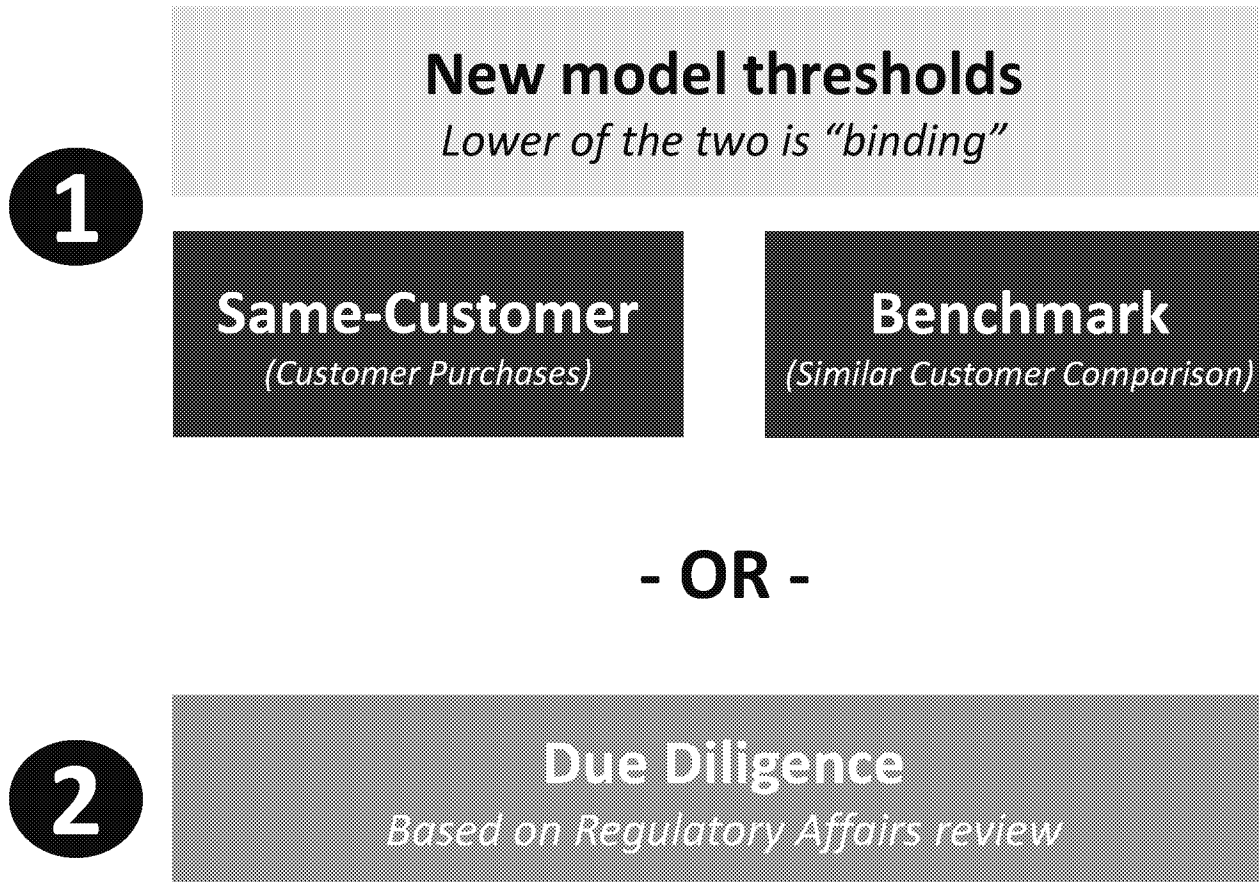
- Enhance monthly thresholds with a robust statistical model
- Thresholds will adjust based on actual purchases
- ISMC pilot is in process
- Data analysis for chains and health systems is underway
- Implementation is expected throughout 2016

Model uses Actual Customer Purchase Data

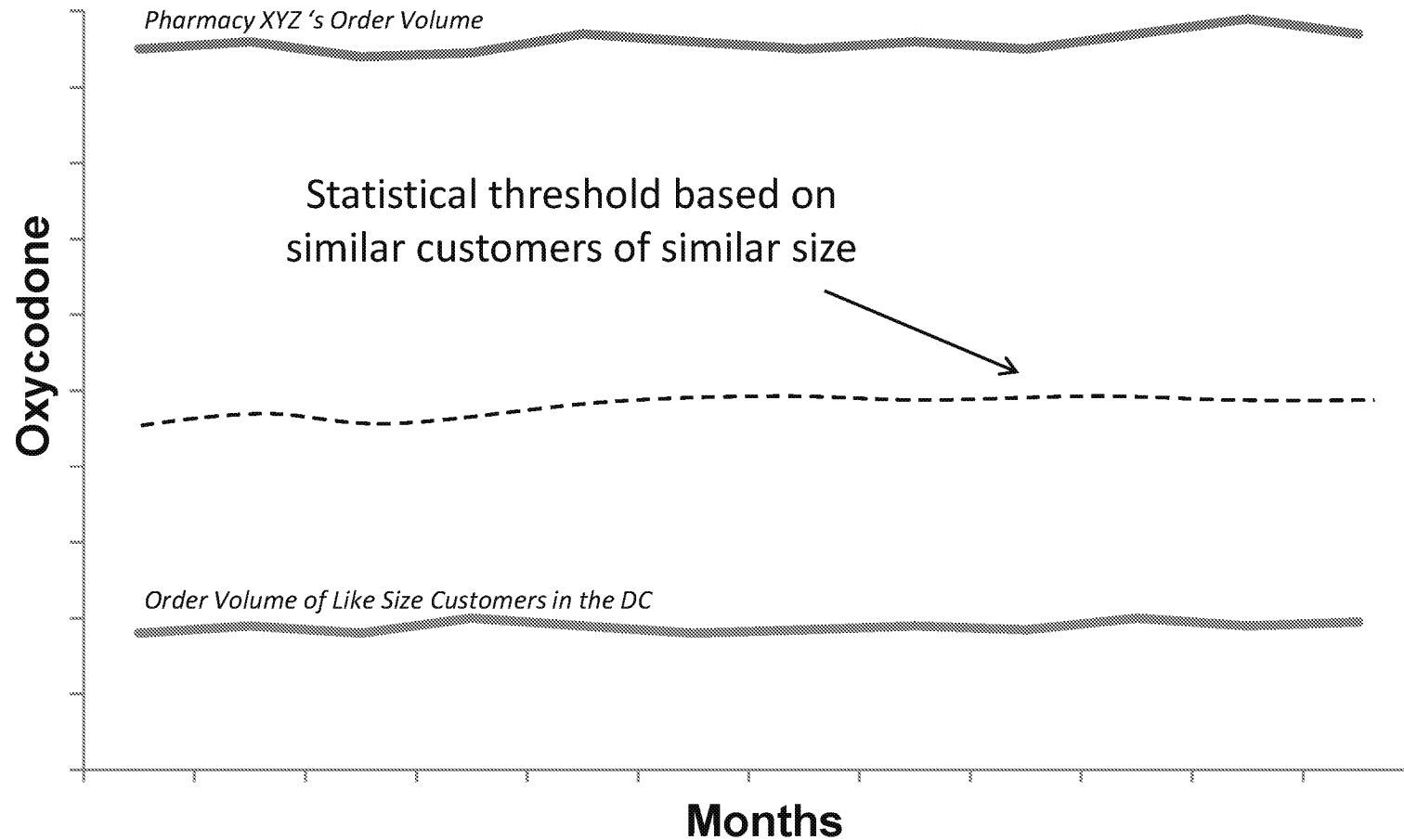
M-1	M-2	M-3	M-4	M-5	M-6	M-7	M-8	M-9	M-10	M-11	M-12	M-13	M-14
Rolling 12 Months of Customer Specific Purchase History (i.e. Oxycodone Purchases)												Benchmark Group (Size) & New Thresholds Calculated	New Threshold Takes Effect
3 Months of Non-Contolled Purchase History Used to Calculate Size													

- Each month recent customer data is used to assess purchase history and pharmacy size, which both account for variability and growth.
- The proxy for size (benchmark group) is updated monthly.
- Thresholds reset monthly based on new purchasing data (one month lag).

Model calculates Threshold Options and allows for Due Diligence-based Thresholds



Benchmark Threshold Example



Next Steps

- Review of pilot results and analysis
- RNA data analysis has been completed and options reviewed
- AGI is re-calculating benchmark groupings
- Implementation plan and timeline will be modified and shared with PGORC/ORC
- Communication plans will be developed to support the rollout

Discussion

